

Message Text

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ACTION AID-20

INFO OCT-01 EA-11 ADP-00 PM-07 NSC-10 SS-15 RSC-01 CIAE-00

INR-10 NSAE-00 DODE-00 EB-11 AGR-20 IGA-02 RSR-01

/109 W

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R 311132Z JUL 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 5252

INFO AMEMBASSY PHNOMPENH

AMEMBASSY VIENTIANE

C O N F I D E N T I A L BANGKOK 11766

E.O. 11652: GDS

TAGS: EAID, EAGR

SUBJECT: RICE FOR CAMBODIA

REF: A) STATE 149576

B) BANGKOK 11680

C) BANGKOK 7652

D) BANGKOK 9773

1. REFERENCE A) APPARENTLY SENT BY DEPARTMENT BEFORE RECEIPT REF B) WHICH DESCRIBES CURRENT STATUS OF AGREED SALE BY RTG OF 5,000 TONS TO CAMBODIA AND STEPS EMBASSY HAS PROPOSED TO EXPEDITE ACTION ON SECOND 5,000 TONS. MOREOVER, AMBASSADOR JULY 31 USED OPPORTUNITY PRESENTED BY CALL ON PM FOR ANOTHER PURPOSE TO MAKE STRONG PLEA FOR EARLY RTG ACTION ON SECOND 5,000 TONS TO WHICH RTG ALREADY COMMITTED IN PRINCIPLE. SUGGEST GKR BE ENCOURAGED TO MOVE RAPIDLY TO INITIATE PROCEDURES TO REQUEST SECOND 5,000 TONS, WHICH EMBASSY WILL THEN CONTINUE TO SUPPORT FROM BANGKOK. ONCE THIS SECOND SHIPMENT COMPLETED EMBASSY WILL PRESS FOR FAVORABLE ACTION ON RTG OFFER OF PROSPECTIVE 25,000 TONS.

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WM AS REPORTED REF C), EMBASSY NOT AWARE OF OBSTACLES

ALLEGEDLY CAUSED BY "PRIVATE DEAL" ASPECTS OF SALE FIRST REPORTED BY EMBASSY PHNOM PENH AND NOW REPEATED REF A). ALSO, RTG OFFICIALS HAVE NOT INDICATED TO EMBASSY ANY CONCERN OVER PAYMENT AND EMBASSY HAS REPEATEDLY MADE POINT TO THEM THAT USG PROVIDING THE FINANCING.

3. AGAINST THIS BACKGROUND AS SEEN FROM BANGKOK, EMBASSY SERIOUSLY DOUBTS THAT PROCESS OF OBTAINING RTG AGREEMENT TO EXPORT WOULD BE EXPEDITED IN BANGKOK BY USG BECOMING DIRECTLY INVOLVED AS BUYER. ASIDE FROM APPARENT DELAYS FROM GKR SIDE, BASIC PROBLEM FOR RTG IS ITS OWN DEMESTIC RICE PROBLEM, WHICH IS LIKELY TO PERSIST AT LEAST UNTIL REALISTIC ESTIMATE CAN BE MADE AFTER MID-AUGUST OF 1973 RICE CROP. AS REPORTED BY EMBASSY REF D), RTG HAS TAKEN SUCCESSIVE STEPS FROM EXPORT EMBARGO TO FIXING RETAIL PRICE FOR RICE IN EFFORT TO RESOLVE DOMESTIC PROBLEM OF RAPIDLY INCREASING RICE PRICES. WHAT IT HAS NOT BEEN ABLE TO DO SO FAR IS TO REQUIRE MERCHANTS TO SELL AT GOVERNMENT ESTABLISHED PRICE. PRESS IS REPORTING PERIODIC SHORTAGES OF RICE IN RETAIL SHOPS IN DIFFERENT PARTS OF THAILAND AND EMBASSY ALSO IS RECEIVING INCREASING REPORTS TO EFFECT RICE IS NOT AVAILABLE THROUGH "FRONT DOOR" OF MANY SHOPS BUT CAN BE PURCHASED THROUGH "BACK DOOR" AT HIGHER THAN FIXED PRICE.

4. IT IS COMMONLY AGREED AMONG PERSONS CONTACTED BY EMBASSY THAT ADEQUATE SUPPLIES EXIST IN THE COUNTRY BUT THAT THE RICE IS NOT MOVING THROUGH DISTRIBUTION CHANNELS IN NORMAL MANNER FOR THE REASONS INDICATED. DIFFERENCES APPARENTLY ALSO EXIST WITHIN THE GOVERNMENT OVER THE FEASIBILITY OF ADOPTING A "GET TOUGH" POLICY WITH THE MERCHANTS TO FORCE THEM TO SELL THE RICE AT THE ESTABLISHED PRICE. ACCORDING TO SOME REPORTS, ESTABLISHED PRICE IN SOME CASES IS BELOW THAT PAID BY MERCHANT TO FARMER. PRESS HAS ALSO REPORTED THAT MINISTRY OF COMMERCE IS CONSIDERING THE ADOPTION OF AN EXPORT PROCEDURE THAT WILL REQUIRE THE EXPORTER TO SELL TWO TONS TO THE GOVERNMENT AT A FIXED PRICE FOR EVERY TON EXPORTED AT WHAT IS CURRENTLY VERY FAVORABLE WORLD PRICE.

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